THE REPUBLIC OF THE UNION OF MYANMAR

The Myanmar Investment Commission

PERMIT

Permit No. 932/2015 Date 7th, April 2015

This Permit is issued by the Myanmar Investment Commission according to the section 13, sub - section (b) of the Republic of the Union of Myanmar Foreign Investment Law-

(a) Name of Investor/Promoter DIRECTOR GENERAL, ENERGY PLANNING DEPARTMENT, MINISTRY OF ENERGY

(b) Citizenship MYANMAR

(c) Address BUILDING NO. 6, NAY PYI TAW

(d) Name and Address of Principal Organization MINISTRY OF ENERGY, BUILDING NO. 6, NAY PYI TAW

(e) Place of incorporation MYANMAR

(f) Type of Investment Business EXPLORATION & PRODUCTION OF CRUDE OIL AND NATURAL GAS

(g) Place(s) at which investment is permitted DEEP WATER BLOCK (MD-2) MOATTAMA OFFSHORE AREA, MON STATE

(h) Amount of Foreign Capital US$ 219.85 MILLION

(i) Period for Foreign Capital brought in YEAR 2015 TO YEAR 2023

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 219.85 MILLION

(k) Construction period YEAR 2015 TO YEAR 2023

(l) Validity of investment Permit 8 YEARS

(m) Form of investment PRODUCTION SHARING CONTRACT

(n) Name of Company incorporated in Myanmar ENI MYANMAR B.V & PETROVIETNAM EXPLORATION PRODUCTION CORPORATION LIMITED

Chairman

The Myanmar Investment Commission

ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော်
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့်ပြုမိန့်

စာအမှတ် ၁၁၂-၉
ရက်စွဲ ၇-၄-၂၀၁၅

ခွင့်ပြုမိန့်အမှတ် ၉၃၂/၂၀၁၅ ၂၀၁၅ ခုနှစ် ဧပြီ လ ၇ ရက်

ပြည်ထောင်စုသမ္မတမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှုဥပဒေပုဒ်မ ၁၃၊ ပုဒ်မခွဲ (ခ) အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည်-

(က) ရင်းနှီးမြှုပ်နှံသူ/ကမကထပြုသူအမည် ညွှန်ကြားရေးမှူးချုပ်၊ စွမ်းအင်စီမံရေး ဦးစီးဌာန၊ စွမ်းအင်ဝန်ကြီးဌာန

(ခ) နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ ရုံးအမှတ် (၆)၊ နေပြည်တော်

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ စွမ်းအင်ဝန်ကြီးဌာန၊ ရုံးအမှတ် (၆)၊ နေပြည်တော်

(င) ဖွဲ့စည်းရာအရပ် မြန်မာနိုင်ငံ

(စ) ရင်းနှီးမြှုပ်နှံသည့်လုပ်ငန်းအမျိုးအစား ရေနံနှင့် သဘာဝဓါတ်ငွေ့ ရှာဖွေ၊ တူးဖော်၊ ထုတ်လုပ်ရေးလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံသည့်အရပ်ဒေသ(များ) မုတ္တမကမ်းလွန်ဒေသ၊ ရေနက်ပိုင်း လုပ်ကွက်အမှတ် (MD-2) မွန်ပြည်နယ်

(ဇ) နိုင်ငံခြားမတည်ငွေရင်းပမာဏ အမေရိကန်ဒေါ်လာ ၂၁၉.၈၅ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ၂၀၁၅ ခုနှစ် မှ ၂၀၂၃ ခုနှစ်အထိ

(ည) စုစုပေါင်းမတည်ငွေရင်းပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ ၂၁၉.၈၅ သန်း နှင့် ညီမျှသောမြန်မာကျပ်ငွေ

(ဋ) တည်ဆောက်မှုကာလ ၂၀၁၅ ခုနှစ် မှ ၂၀၂၃ ခုနှစ် အထိ

(ဌ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့် သက်တမ်း ၈ နှစ်

(ဍ) ရင်းနှီးမြှုပ်နှံမှုပုံစံ PRODUCTION SHARING CONTRACT

(ပ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် ကုမ္ပဏီအမည် ENI MYANMAR B.V & PETROVIETNAM EXPLORATION PRODUCTION CORPORATION LIMITED

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

REPUBLIC OF THE UNION OF MYANMAR
MYANMAR INVESTMENT COMMISSION
No.(1), Thitsar Road, Yankin Township, Yangon

Our ref : DICA-5(E)/011/ 2015(၁၁၃ - E) Tel: 95-1-658130
Date : ၃⁴ April 2015 Fax: 95-1-658142

Subject: **Decision of the Myanmar Investment Commission on the Proposal for "Exploration and Production of Crude Oil & Natural Gas for Deep Water Block MD-2 (Moattama Offshore Area) in Mon State " under the name of "Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited"**

Reference: Ministry of Energy, Letter No. 008/907/Hta (161/2015) dated (11-3-2015).

1. The Myanmar Investment Commission, at its meeting (5/2015) held on 20th March 2015 had reviewed the proposal and resolved to permit for investment in "Exploration and Production of Crude Oil & Natural Gas for Deep Water Block MD-2 (Moattama Offshore Area) in Mon State" under the name of "Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited" pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited with the approval of the Cabinet of the Union Government, at its meeting (4/2015) held on 13th February 2015.

2. Hence, the "Permit" is herewith issued in accordance with Chapter VII, section 13(b) of the Foreign Investment Law and Chapter VIII, Rule 49 of the Foreign Investment Rules relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. Subject to the provision of the Memorandum of Agreement, dated 11th November 2013, the participating interests of the parties in respect of the Production Sharing Contract (PSC) shall be as follows:

Eni Myanmar B.V (The Netherlands)	80%
Petrovietnam Exploration Production Corporation Limited (Vietnam)	20%

4. The permitted duration of the project shall be 20 (Twenty) years from the date of completion of development or the expiration of the Crude Oil/ Natural Gas Sales Agreement, whichever is longer. An initial preparation period shall be 6 (six) months after the signing of the production sharing contract and may be

extended to a certain period. The exploration period shall be 3(three) consecutive years and extendable 2(two) years for first extension and 1 (one) year for second extension period.

5. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall pay 12.5% royalty to the Government of the value of Available Petroleum from the Contract Area.

6. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall pay Signature Bonus of US $ 15.2 million (United States Dollar fifteen million and two hundred thousand only) to Myanma Oil and Gas Enterprise within 30 days after entering into the Initial Exploration Period.

7. Production Split between Myanma Oil and Gas Enterprise and Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall be allocated for Development and Production Area as follows:-

Crude Oil

Water Depth	2,000 feet or less		more than 2,000 feet	
BOPD	**MOGE (%)**	**CONT (%)**	**MOGE (%)**	**CONT (%)**
0 - 25,000	60	40	55	45
25,001 - 50,000	65	35	60	40
50,001 - 100,000	75	25	65	35
100,001 - 150,000	80	20	75	25
Above 150,000	85	15	80	20

Natural Gas

Water Depth	2,000 feet or less		more than 2,000 feet	
MMCFD	**MOGE (%)**	**CONT (%)**	**MOGE (%)**	**CONT (%)**
0 - 300	60	40	45	55
301 - 600	70	30	50	50
601 - 900	80	20	55	45
Above 900	90	10	60	40

8. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall pay Production Bonus to Myanma Oil and Gas Enterprise with

respect to each Crude Oil and Natural Gas development and production area as follows:

Production Bonus

Crude Oil

At BOPD	**US $(MILLION)**
Upon approval of Development Plan	1.00
25,000 (for 90 consecutive days production)	2.00
50,000 (for 90 consecutive days production)	3.00
100,000 (for 90 consecutive days production)	4.00
150,000(for 90 consecutive days production)	5.00
200,000(for 90 consecutive days production)	10.00

Natural Gas

At MMCFD	**US $(MILLION)**
Upon approval of Development Plan	1.00
150 (for 90 consecutive days production)	2.00
300 (for 90 consecutive days production)	3.00
600 (for 90 consecutive days production)	4.00
750 (for 90 consecutive days production)	5.00
900 (for 90 consecutive days production)	10.00

9. After the commencement of commercial production of Crude Oil, shall fulfil as its obligation 20%(twenty) percent of Crude Oil and 25% (twenty five) percent of Natural Gas toward the supply of the domestic Crude Oil and Natural Gas market in Myanmar. Myanma Oil and Gas Enterprise shall pay the price equivalent of 90%(ninety) percent of the Fair Market Value.

10. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall provide Training Fund to the amount of US $ 150,000 (United States Dollar one hundred and fifty thousand only) per contract year for Exploration Period and US $ 150,000 (United States Dollar one hundred and fifty thousand only) per contract year for Development and Production Period shall also provide Research and Development Fund to the amount of 0.5% (zero point five) percent of its share of profit Petroleum in favour of Myanma Oil and Gas Enterprise.

11. Myanma Oil and Gas Enterprise shall have the right to demand from Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited 20% (twenty) percent undivided interest after commercial discovery and may extend up to 25% (twenty five) percent if the reserve is greater than 5 TCF Barrels of Oil equivalent.

12. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the shares in the Company.

(a)	If the amount of Net Profit is up to and including US$ 100 million (United States Dollars one hundred million only)	40%
(b)	If the amount of Net Profit is between US$ 100 million and US$ 150 million (United States Dollar one hundred million only and United States Dollar one hundred and fifty million only)	45%
(c)	If the amount of Net Profit is over US$ 150 million (United States Dollar one hundred and fifty million only)	50%

13. In issuing this "Permit," the Commission has granted, the followings, exemptions and reliefs as per section 27(a), (e), (h),(i) and (k) of the Foreign Investment Law. Other exemptions and reliefs under Chapter XII, section 27 shall have to be applied upon the actual performance of the project;

(a) As per section 27(a), income tax exemption for a period of five consecutive years including the year of commencement on commercial operation;

(b) As per section 27(e), right to pay income tax on the income of foreigners at the rates applicable to the citizens residing within the Union.

(c) As per section 27(h), exemption or relief from customs duty or other internal taxes or both on machinery, equipment, instruments, machinery components, spare parts and materials used in the business which are imported as they are actually required for use during the period of construction of business;

(d) As per section 27(i), exemption or relief from customs duty or other internal taxes or both on raw materials imported for production for the first three-year after the completion of construction of business;

(e) As per section 27(k), exemption or relief from commercial tax on the goods produced for export.

14. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall have to sign the Production Sharing Contract with Myanma Oil and Gas Enterprise. After signing the Agreement, (5) copies shall have to be forwarded to the Commission.

15. Petrovietnam Exploration Production Corporation Limited in consultation with the Department of Company Registration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

16. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

17. The commercial date of operation shall be reported to the Commission.

18. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall endeavour to meet the targets for Exploration and Production of Crude Oil & Natural Gas stated in the proposal as the minimum target.

19. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall have to consult with Directorate of Labour, Ministry of Labour, Employment and Social Security for appointment of such foreign experts and technicians.

20. In order to evaluate foreign capital and for the purpose of its registration in accordance with the provisions under Chapter XV, section 37 of the Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened and defined under Chapter XVI, Rules 134 and 135 of the Foreign Investment Rules;

(b) the detailed lists of the type and value of foreign capital defined under Chapter I, section 2(i) of the Foreign Investment Law, other than foreign currency.

21. Whenever Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited brings in foreign capital defined under Chapter I, section

2(i) of the Foreign Investment Law, other than foreign currency in the manner of paragraph 20(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

22. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited has the right to make account transfer and expend the foreign currency from his bank account in accordance with Chapter XVI, Rule 136 of the Foreign Investment Rules and for account transfer of local currency generated from the business to the local currency account opened at the bank by a citizen-owned business in the Union and right to transfer back the equivalent amount of foreign currency from the foreign currency bank account of citizen or citizen-owned business by submitting the sufficient document in accordance with Chapter XVII, Rule 145 of the Foreign Investment Rules.

23. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

24. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited shall be responsible for the preservation of the environment at and around the area of the project site. In addition to this, it shall carry out as per instructions made by Ministry of Environmental Conservation and Forestry in which to conduct Environmental Management Plan (EMP), Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) which describe the measure to be taken for preventing, mitigation and monitoring significant environmental impacts resulting from the implementation and operation of proposed project or business or activity has to be prepared and submitted and to perform activities in accordance with these reports and to abide by the environmental policy, Environmental Conservation Law and other environmental related rules and regulations.

25. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the income of Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited.

26. Eni Myanmar B.V & Petrovietnam Exploration Production Corporation Limited in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter XII , Rule 79 and 80 of the Foreign Investment Law.

(Zay Yar Aung)
Chairman

Director General
Energy Planning Department

cc:
1. Office of the Union Government of the Republic of the Union of Myanmar
2. Central Bank of Myanmar
3. Ministry of Foreign Affairs
4. Ministry of Home Affairs
5. Ministry of Environmental Conservation and Forestry
6. Ministry of Electric Power
7. Ministry of Immigration and Population
8. Ministry of Energy
9. Ministry of Commerce
10. Ministry of Finance
11. Ministry of National Planning and Economic Development
12. Ministry of Labour, Employment and Social Security
13. Office of the Mon State Government
14. Director General, Department of Environmental Conservation
15. Director General, Immigration and National Registration Department
16. Managing Director, Myanma Oil and Gas Enterprise
17. Director General, Directorate of Trade
18. Managing Director, Myanma Foreign Trade Bank
19. Managing Director, Myanma Investment and Commercial Bank
20. Director General, Customs Department
21. Director General, Internal Revenue Department
22. Managing Director, Myanma Insurance
23. Director General, Directorate of Investment and Company Administration
24. Director General, Directorate of Labour
25. Chairman, Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)

26. Eni Myanmar B.V
27. Petrovietnam Exploration Production Corporation Limited.